

**REMARKS/ARGUMENTS**

Claims 45-48 and 56-63 are pending upon entry of this amendment. Claims 45 and 46 have been amended. Claims 1-44 and 49-55 have been canceled. No new matter has been added by the claim amendments.

Claims 45-55 and 58-63 are rejected under 35 U.S.C. § 102(c) as being anticipated by U.S. Patent No. 7,170,932 to Vetro et al. ("Vetro").

***Claim Rejections - 35 U.S.C. §102(e)***

Claim 45 has been amended to recite "a switch coupled to the summation unit and the inverse transform unit and adapted to output non-motion compensated spatial image information associated with the first macroblock," among other elements. Applicants respectfully submit that the cited reference does not teach or suggest at least these elements in the manner claimed.

As illustrated in FIG. 3 of the pending application, switch 13 is coupled to inverse transform unit 11 and summation unit 12. Referring to FIG. 17 of Vetro, the cited reference does not teach or suggest at least a switch coupled to the summation unit and the inverse transform unit.

In FIG. 17 of Vetro, the IDCT 1730 is coupled to the adder 1780, but no switch is provided as recited in the amended claim. For at least these reasons, claim 45 is in condition for allowance over the cited reference.

Claims 46-48 and 56-63, which depend from claim 45, are in condition for allowance, for at least the reasons discussed in relation to claim 45, as well as for the additional elements they recite.

**CONCLUSION**

In view of the foregoing, Applicants believe all claims now pending in this Application are in condition for allowance and an action to that end is respectfully requested.

If the Examiner believes a telephone conference would expedite prosecution of this application, please telephone the undersigned at 650-326-2400.

Respectfully submitted,

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